

WIRRAL COUNCIL

PENSIONS COMMITTEE

20 MARCH 2012

SUBJECT:	GLOBAL CUSTODIAN SERVICES
WARD/S AFFECTED:	ALL
REPORT OF:	DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER:	
KEY DECISION?	NO

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to update Members on progress made on the procurement exercise for global custodian services and, in the light of this, to recommend that Members agree to the extension of the existing contract with State Street to 31 December 2012.

2.0 BACKGROUND AND KEY ISSUES

- 2.1 The range of services provided by the current global custodian, State Street, includes safekeeping, income collection, tax reclaims, voting, accounting and reporting, currency conversion, corporate actions and securities lending.
- 2.2 On 29 March 2011 Pensions Committee agreed to an extension of the contract with State Street to 31 March 2012 and the commencement of a procurement exercise.
- 2.3 The preparations for the procurement exercise commenced during the summer and the exercise has been ongoing since September 2011.
- 2.4 There have been delays to process due to unforeseen circumstances principally changes required to the banking contract. The table below sets out the key dates at present.

Date	Action	Comments
19 October 2011	OJEU advert on a two stage basis issued	Complete
18 November 2011	Pre Qualification Questionnaires Received	Complete 4 of the 5 submissions put forward to next stage
16 January 2012	Invitations to Tender sent out	There were issues over producing this complex document
21 February 2012	Deadline for receipt of submissions	Complete

March/April 2012	Assessment of tenders including site visits	Pending
18 April 2012	Final Selection Interviews	Pending
June 2012	Recommendation to Pensions Committee	Date of Pensions Committee Meeting not confirmed
30 September 2012	Commencement of project planning for transition	This is due to start after audit of accounts
31 December 2012	New contract commences	Either new contract with incumbent or replacement

2.5 The timetable includes a recommendation to Pensions Committee in June 2012. The reason for a delay until September for any transfer of custodians is that a transition between custodians is a complex event that requires a high level of input from staff within the accounting team. This team is pre-occupied with closure of accounts until the end of September and transfer of the clearing bank.

3.0 RELEVANT RISKS

3.1 The key risk that is mitigated by the recommendation within this report is that a transition between custodians during the accounts close down period has a high probability of operational failings in relation to safekeeping of assets, settlement of transactions and accuracy of accounting. The delay of a potential transfer of custodians until after accounts close down mitigates these risks by allowing staff to focus on the transition.

4.0 OTHER OPTIONS CONSIDERED

4.1 Not relevant for this report.

5.0 CONSULTATION

5.1 Not relevant for this report.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

6.1 There are no implications arising directly from this report

7.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

7.1 There are no implications arising directly from this report.

8.0 LEGAL IMPLICATIONS

8.1 There are no implications arising directly from this report.

9.0 EQUALITIES IMPLICATIONS

9.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?

(b) No because there is no relevance to equality.

10.0 CARBON REDUCTION IMPLICATIONS

10.1 There are no implications arising directly from this report.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 There are no implications arising directly from this report.

12.0 RECOMMENDATION

12.1 That Members agree to the extension of the contract with State Street until 31 December 2012.

13.0 REASON FOR RECOMMENDATION

13.1 The reason for the recommendation is to ensure that the day to day operation of the Fund can continue during the procurement exercise and to control risk.

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APPENDICES

REFERENCE MATERIAL

None used in the preparation of this report.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Pensions Committee : Global Custodian Services	29 March 2011
Pensions Committee : Custodian Services	17 November 2009

